

## HCSR Audit Sampling Methodology

### Performance/Incentive – Quarterly

Claims from managed care contractors will be audited. The sample means will be used as point estimates of cost and occurrence errors. There will be two kinds of cost samples: One for non-denied claim and one for denied claims. Neither cost sample will contain capitated claims; however, the occurrence sample will contain these claims. The design of non-denied cost and occurrence samples utilizes a ninety percent (90%) confidence level, while the denied cost sample design uses an eighty percent (80%) confidence level. Precisions of estimates are 1.0 percent (1%) for the non-denied cost sample. 2.0 percent (2%) for the denied cost sample, and 1.5 percent (1.5%) for the occurrence sample. The non-denied cost sample will be drawn from all records with government costs of \$100 to less than \$100,000. In addition all records with government cost of \$100,000 and over will be audited. The denied cost sample will be drawn from all records with billed amounts of \$100 to less than \$500,000. In addition, all records with billed amounts of \$500,000 and over will be audited. Cost samples will be stratified at multiple levels. Samples will be drawn on a quarterly basis from HCSRs which pass TMA edits. Records to be sampled will be “net” records, (i.e., the sum of transaction records available at the time the sample was drawn related to the initial transaction record). HCSRs in batches/vouchers which fail TRICARE HCSRs edits or which are otherwise unprocessable as submitted by the contractor will be excluded from the sampling frame.

Claim audits shall be performed for claims processed under the TRICARE Senior Pharmacy and TRICARE for Life program. One cost sample will be pulled for both TRICARE Senior Pharmacy and TRICARE for Life claims. This sample will be drawn from all records for the TRICARE Senior Pharmacy and TRICARE for Life program with a government cost greater than zero and less than \$100.00. The design of this sample utilizes a 90% confidence level and a precision estimate of one percent. Samples will be drawn on a quarterly basis from HCSRs which pass HCSR edits. These sampled claims will be combined in the ICN list, audit report and audit result calculations with the quarterly payment audits specified in Section F of each Managed Care Support contract. The combined sample size for the TRICARE Senior Pharmacy and TRICARE for Life claims shall equal approximately 400 claims per contract quarter.

Any TRICARE Senior Pharmacy and TRICARE for Life claims greater of equal to \$100.00 (based on government cost for paid claims and billed amount for denied claims) will be subject to random sampling and included in the payment audit samples outlined in Section F of each Managed Care Support Contract. All non-denied records with Government costs of \$100,000 and over will be audited and all denied records with billed amounts of \$500,000 and over will be audited. TRICARE Senior Pharmacy and TRICARE for Life claims will also be subject to random sampling and included in the occurrence error sample outlined in Section F of each Managed Care Support Contract.

## TED Audit Sampling Methodology

### Quarterly Performance MCSS Contracts

Sample means will be used as point estimates of payment and occurrence errors. There will be two kinds of payment samples, one for non-denied claims and one for denied claims. The design of non-denied payment and the occurrence samples utilizes a ninety percent (90%) confidence level, while the denied payment sample design uses an eighty percent (80%) confidence level. Precision estimates are 1.0 percent (1%) for the non-denied payment sample, 2.0 percent (2%) for the denied payment sample, and 1.5 percent (1.5%) for the occurrence sample. The non-denied payment sample will be drawn from all records with government payments of \$100 to \$100,000. In addition, all records with a government payment of \$100,000 and over will be audited. The denied payment sample will be drawn from all records with billed amounts of \$100 to \$100,000. In addition, all records with billed amounts of \$100,000 and over will be audited. The non-denied and denied payment samples will be stratified at multiple levels within the \$100 to \$100,000 range. Samples will be drawn on a quarterly basis from TEDs which pass TMA validity edits. Records to be sampled will be “net” records (i.e. the sum of transaction records available at the time the sample was drawn related to the initial transaction record). TEDs in vouchers which fail TRICARE validity edits or which are otherwise unprocessable as submitted by the Contractor will be excluded from the sampling frame.

### Annual Target Health Care Cost

Sample means will be used as point estimates of payment errors. Payment samples will only include non-denied claims. The design of non-denied payment samples utilizes a ninety percent (90%) confidence level; precision estimates are 1.0 percent (1%) for the non-denied payment sample. The non-denied payment samples will be drawn from all records with government payments of \$100 to \$100,000. In addition, all records with a government payment of \$100,000 and over will be audited. The non-denied payment samples will be stratified at multiple levels within the \$100 to \$100,000 range. Samples will be drawn on an annual basis during the seventh month after the end of the option period from TEDs which pass all TMA edits (the Government reserves its rights to perform specific and/or more frequent audits than annual). Records to be sampled will be “net” records (i.e. the sum of transaction records available at the time the sample was drawn related to the initial transaction record). TEDs in vouchers, which fail any TRICARE edit or which are otherwise unprocessable as submitted by the contractor will be excluded from the sampling frame.

### Quarterly Performance TDEFIC Contract

Sampling Methodology. Sample means will be used as point estimates of payment and occurrence errors. There will be two kinds of payment samples, one for non-denied claims and one for denied claims. The design of nondenied payment and the occurrence samples utilizes a ninety percent (90%) confidence level, while the denied payment sample design uses an eighty percent (80%) confidence level. Precision estimates are 1.0 percent (1%) for the nondenied payment sample, 2.0 percent (2%) for the denied payment sample, and 1.5 percent (1.5%) for the occurrence sample. The non-denied payment sample will be drawn from all records with

government payments of \$ 1.00 to \$25,000. In addition, all records with a government payment of \$ 25,000 and over will be audited. The denied payment sample will be drawn from all records with billed amounts of \$ \$1.00 to \$ 500,000. In addition, all records with billed amounts of \$500,000 and over will be audited. The non-denied payment sample will be stratified at multiple levels within the \$ 1.00 to \$ 25,000 range and the denied payment sample will be stratified at multiple levels within the \$1.00 to \$500,000 range. Samples will be drawn on a quarterly basis from TEDs which pass TMA validity edits. Records to be sampled will be “net” records (i.e. the sum of transaction records available at the time the sample was drawn related to the initial transaction record). TEDs in vouchers which fail TRICARE validity edits or which are otherwise unprocessable as submitted by the Contractor will be excluded from the sampling frame.